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FISCAL IMPACT REPORT

SPONSOR Gonzales ORIGINAL DATE 1/23/07
LAST UPDATED 3/06/07 HB 266/aHTRC
SHORT TITLE Liquor Tax Distribution To Local DWI Fund SB _____
ANALYST Francis

Relates to Appropriation in the General Appropriation Act

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Non-Rec | Fund Affected |
|-------------------|-----------|-----------|-------------------------|-------------------------|
| FY07 | FY08 | FY09 | | |
| | (3,122.0) | (3,184.0) | Recurring | General Fund |
| | \$3,122.0 | \$3,184.0 | Recurring | Local DWI Grant Fund |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
Taxation and Revenue Department (TRD)

Responses Received From
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee amends House Bill 266 by changing the percentage distribution to the local government DWI fund to 41.5 percent. Current law is a 34.57 percent distribution and the original bill proposed 45 percent.

Synopsis of Bill

House Bill 266 increases the percentage distribution of liquor excise taxes going to the local DWI grant fund to 45 percent. The level is currently 34.57 percent with the remainder going to the general fund.

The bill is effective July 1, 2007.

FISCAL IMPLICATIONS

According to consensus revenue estimates, the liquor excise tax is expected to generate \$45.0 million in FY08, the first year this bill would apply. Of that under current law, \$29.5 million would be distributed to the general fund and \$15.6 million to the Local DWI Grant Fund based on a percentage distribution of 65.43 percent to the general fund and 34.57 percent to the Local DWI Grant Fund. Increasing the share that goes to the DWI fund necessarily lowers the amount going to the general fund. There is an FY08 impact of \$3.1 million in higher revenues for the DWI fund and an identical \$3.1 million negative impact on the general fund.

Distributions from the DWI fund are based on a series of statutory distributions with the remaining going to the counties based on a distribution defined by law (Section 11-6A-6 NMSA 1978) based on the number of DWI crashes and the amount of retail gross receipts. HB266 increases the amounts distributed to counties by \$3.1 million. Table one shows the current and proposed distribution by county.

ADMINISTRATIVE IMPLICATIONS

TRD reports that minor system changes will be required but report no additional operating appropriation required.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Current recommendations for the General Appropriations Act of 2007 include an appropriation to the drug courts and the removal of the drug courts from the statutory distribution of the Local DWI Grant Fund. The amount distributed to drug courts currently is \$1.5 million which, if removed from the distribution scheme, would result in an increased distribution to counties of \$1.5 million. This would be in addition to the increase HB266 provides counties.

Table 1: Fiscal Impact of HB 266a

| | Current Law | HB266a | Difference |
|---------------------------------------|----------------------|----------------------|----------------|
| LIQUOR EXCISE TAX REVENUE | \$ 45,049,610 | \$ 45,049,610 | \$ - |
| General Fund | 29,475,960 | 26,354,022 | \$ (3,121,938) |
| Local DWI Fund | 15,573,650 | 18,695,588 | \$ 3,121,938 |
| <i>Distribution</i> | | | |
| Local Government Division - Grants | 1,900,000 | 1,900,000 | \$ - |
| Local Government Division - Admin | 600,000 | 600,000 | \$ - |
| Local Government Division - Interlock | 300,000 | 300,000 | \$ - |
| Detox and treatment programs | | | |
| Bernalillo | 1,700,000 | 1,700,000 | \$ - |
| San Juan | 300,000 | 300,000 | \$ - |
| Santa Fe | 300,000 | 300,000 | \$ - |
| Rio Arriba | 200,000 | 200,000 | \$ - |
| Sandoval | 150,000 | 150,000 | \$ - |
| Socorro | 150,000 | 150,000 | \$ - |
| Drug Courts | 1,500,000 | 1,500,000 | \$ - |
| Formula Distribution | 8,473,650 | 11,595,588 | \$ 3,121,938 |